

Message Text

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ACTION EB-07

INFO OCT-01 EA-09 ISO-00 CAB-05 CIAE-00 COME-00 DODE-00

DOT-00 INR-07 NSAE-00 CIEP-02 FAA-00 SSO-00 INRE-00

SS-15 NSC-05 SP-02 H-02 PA-02 PRS-01 USIE-00 NSCE-00

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FM AMCONSUL MELBOURNE

TO AMEMBASSY WELLINGTON IMMEDIATE

INFO SECSTATE WASHDC IMMEDIATE 3615

AMEMBASSY CANBERRA IMMEDIATE

UNCLAS MELBOURNE 1956

FOR CIVAIRDEL BROWN

EO 11652: NA

TAGS: EAIR, AS, NZ

SUBJECT: SECOND US AIR CARRIER ON PACIFIC ROUTE: NEWS REPORT

1. MELBOURNE AGE CARRIED FOLLOWING STORY TODAY
(OCTOBER 18) BY LOCAL JOURNALIST ROSS WARNEKE ON CONTINENTAL
AIRLINES' APPLICATION TO SERVE US-NEW ZELAND ROUTE.

2. HEADLINE (PAGE 4): QANTAS TO SEEK BAN ON US AIRLINE
SERVICES. TEXT (UNNECESSARY WORDS OMITTED): QUOTE QANTAS
CERTAIN TO DEMAND FEDERAL GOVT VETO OF PLANS BY ONE OF LARGEST
DOMESTIC AIRLINES IN US TO FLY REGULAR SERVICES TO AUSTRALIA.
LOS ANGELES-BASED CONTINENTAL AIRLINES HAS RECEIVED APPROVAL
OF US CAB TO START SERVICES. CONTINENTAL WOULD COMPETE WITH
QANTAS, AIR NEW ZEALAND AND PANAM ON PACIFIC ROUTE. SPOKESMAN
FOR AIRLINE SAID IN SYDNEY YESTERDAY APPLICATION HAD BEEN
LOGED WITH MINISTER FOR TRANSPORT, MR. NIXON, FOR LANDING
RIGHTS IN AUSTRALIA. PANAM HAS ASKED PRESIDENT FORD TO
QUASH CAB'S APPROVAL OF CONTINENTAL'S PLANS, ARGUING THAT
THERE IS NOT ENOUGH BUSINESS IN PACIFIC AREA FOR ANOTHER
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AIRLINES SERVICE. QANTAS HAS ALREADY GIVEN NOTICE THAT IT

WILL OPPOSE THE PLANS. CHAIRMAN OF QANTAS, SIR LENNOX HEWITT, IN AIRLINE'S ANNUAL REPORT TO GOA LAST MONTH, SAID A SECOND US AIRLINE SERVICE ON PACIFIC ROUTES WOULD BE "UTTERLY DESTRUCTIVE". AN ATTEMPT BY ANOTHER US CARRIER, AMERICAN AIRLINES, TO COMPETE ON PACIFIC ROUTES ENDED IN 1974 AFTER COMPANY LOST DOLS 25 MILLION ON SERVICE IN FIVE YEARS. PROPOSED CONTINENTAL SERVICE WILL PASS THROUGH HONOLULU AND AUCKLAND ON ITS WAY TO AUSTRALIA. IT IS UNDERSTOOD AIRLINE HAS SOUGHT LANDING RIGHTS AT MELBOURNE AND SYDNEY. QANTAS, PANAM AND AIR NEW ZEALAND SAY AIRLINE SHOULD BE BANNED FROM PACIFIC UNLESS IT CAN PROVE IT WILL GENERATE NEW BUSINESS AND NOT TAP EXISTING PACIFIC MARKET. THEY SAY EXISTING MARKET IS LIMITED. THE THREE AIRLINES OPERATE PROFITABLY IN AREA FOR ONLY A FEW MONTHS EACH YEAR -- FROM MAY TO AUGUST AND IN DECEMBER AND JANUARY. CONTINENTAL OPERATES 52 JET AIRCRAFT, INCLUDING 16 WIDE BODIED DC 10'S. UNQUOTE
BRAND

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